

**Testimony of Bill Rustem, Public Sector Consultants**  
**Natural Resources, Great Lakes, Land Use & Environment Committee**  
**December 6, 2006**  
**Presented in Support of House Bill 5163 and House Joint Resolution**

Good Morning. It's a pleasure to be here this morning to present to your committee.

For those who many not know me, my name is Bill Rustem and I am President and Chief Executive Officer for Public Sector Consultants. Public Sector Consultants is a private Michigan corporation providing policy research in the areas of health, education, economics, the environment, and technology; survey research; program evaluation; and strategic counsel.

The issue of recycling was not unfamiliar to me when we were asked by the Michigan Recycling Partnership to research the potential impact that expanded recycling would have on Michigan. Our firm has provided research on many environmental issues in the past 20 years. And I was able to bring to the table my personal knowledge of Michigan's bottle deposit law and its impact on the state. I did, in fact, coordinate the 1976 petition drive and campaign that saw the passage of Michigan's 10-cent deposit law. It has been extremely successful in keeping our roadways, parks, and streams clean from drink containers. And it effectively captures a large portion of that particular waste stream – specifically plastic bottles and aluminum cans.

For all its successes, the bottle deposit law has not made Michigan a leader in recycling. It is time that we look for ways to capture the packaging from an entire realm of goods. It's time we look to make recycling convenient for residents, by maximizing curbside pickup opportunities in as many areas as conceivably possible. And it's time that Michigan made a real commitment to preserving and reusing these resources. That commitment can only be done through funding – providing locals with money to start and expand recycling programs and providing businesses with incentives to collect, reprocess, and remanufacture collected materials. With the right commitment, Michigan can realize the economic benefits of recycling that neighboring states are already realizing.

The Michigan Recycling Partnership asked me to specifically look at how Michigan compares to other states in our recycling success and what could be the economic results if recycling were increased in Michigan.

The results of the study clearly show that a statewide approach to recycling -- one that captures the majority of our solid waste -- will result in economic and environmental benefits.

Michigan's recycling rate of 20 percent is significantly lower than the other Great Lakes states' average of 30 percent, and is falling. While other states are gaining, Michigan's recycling rate decreased by 20 percent from 1994 to 2004. During this same time, every other state in the region had at least a marginal increase in recycling. In the Great Lakes States, recycling rates are as high as 46 percent in Minnesota.

As we looked at the results from other states, we found that recycling success was directly correlated to the state's commitment in funding to help establish and grow recycling collection and processing systems, and the state's strong goals for waste diversion. Michigan lacks an aggressive recycling goal. We lack reporting requirements for recycling. We lack industry for reprocessing recyclables, something that forces those who collect a product to spend even more to ultimately get that product recycled.

Michigan's recycling program is funded at a fraction of the level of Great Lakes neighbor states' programs and ranks 41<sup>st</sup> out of the 48 states that reported their allocations for recycling. This, coupled with increasing local financial shortfalls, has discouraged local governments from offering recycling alternatives to residents. And, in some cases, it has forced locals to eliminate programs previously in place. In addition, lack of collected resources has made it difficult for businesses to site collection, reprocessing, and remanufacturing facilities in Michigan. Take, for instance, Clean Tec in Dundee, where they recycle plastic bottles. Because of Michigan's lack of an infrastructure to capture these recyclables, Clean Tec is forced to impact plastics from as far away as Colorado.

We are losing out on an important business opportunity. Our study showed that if we were to raise our recycling rate from its current 20 percent to the 30 percent average of the other Great Lakes states, it would create a minimum of 7,000 jobs, and as many as 13,000. To put this job creation figure in context, over the last two years only three of Michigan's 12 major business

sectors — education and health services, leisure and hospitality, and accommodation and food services — created more than 7,000 jobs.

The economic study also estimates that an improved recycling system would generate \$155 to \$300 million of new income, and \$12 million to \$22 million in new state revenue. These estimates are conservative because they do not take into account the substitution of recycled materials for raw materials, which would generate additional manufacturing activity.

The February 2006 MRG poll found that Michigan residents are highly supportive of a statewide comprehensive recycling program. More than three-quarters of those polled said they support creating a comprehensive recycling program in Michigan. Sixty percent favored public funding for a statewide recycling program, and 62 percent said they would support the Recycling Makes Cents plan.

We are fortunate that many communities do have strong recycling programs. Especially notable are programs in Oakland County and the City of Grand Rapids. These programs have helped us maintain our 20 percent recycling rate in Michigan. Like all programs currently in place in the state, they, too, can benefit from the pennies raised by the Recycling Makes Cents plan. It will help assure the continuation of these programs and assist them by encouraging more markets for recyclable at collection and remanufacturing locations here in our state.

The Recycling Makes Cents plan won't change recycling overnight. If passed, it will bring an infusion of much-needed funds for recycling and it will enable Michigan to gradually grow its recycling success. Currently only 37 percent of Michigan residents have access to curbside recycling programs, compared to a regional average of 65 percent and a national average of 50 percent. Michigan remains among the poorest performers in per capita recycling at 0.38 tons/per year per person, according to a 2005 State of Garbage Report by BioCycle Magazine. This compares to a regional average of 0.44 and a national average of 0.46.

You, today, have an opportunity to change the future of recycling in Michigan. The Recycling Makes Cents plan sets forth the framework from which our state can build a successful

recycling program and become part of the economic structure that reaps the benefits from wise reuse of our natural resources.